

THE COMMISSION IS PLEASED TO PROVIDE THIS *2002 Annual Report* TO RETIREMENT BOARDS, PUBLIC OFFICIALS, SYSTEM MEMBERS, AND THE PUBLIC. Each year we have published this compilation of data pertaining to the financial condition, management, and investment activity of the Massachusetts public pension systems.

This document provides valuable insight into the fiscal condition of these systems and also underscores trends that impact the retirement security of the public employees and retirees that depend on the pension system for their security. The promise of retirement security embodied in Chapter 32 is a guarantee that government gives to those who labor to fulfill all of the obligations that government has to the people of the Commonwealth and its cities and towns.

A focus of the Commission and its staff in 2002 was the Educational Conference held at the University of Massachusetts in late July. The event was a resounding success with 203 board members and administrators in attendance. Sessions ranging from Accounting Basics to Pre-Retirement Counseling were well attended and enthusiastically received. Planning has commenced for the next Educational Conference to be held in the summer of 2004.

Also during 2002, issues

arose regarding board travel, early retirement, and funding that challenged board members and the Commission to respond in a timely and comprehensive manner. A series of audits that raised concerns about the travel practices of some boards resulted in the Commission promulgating travel regulations. Boards across the state successfully met the administrative challenges arising due to the establishment of early retirement incentive programs as a response to the budget crisis. In addition, the budget crisis reduced the resources available to fund the pension systems, and the Commission worked with a number of boards to devise funding schedules that were sensitive to city or town fiscal needs while maintaining actuarial integrity.

This short recitation of activities underscores the goal of the Commission: service to the boards, employees and retirees, complemented by an informed fulfillment of oversight duties. On behalf of the other members of

the Commission, let me assure all those interested in the retirement systems that we will remain committed to this goal.

Sincerely,



Robert E. Tierney
Chairman

LETTER *from the* CHAIRMAN